

**RESOLUTION NO. \_\_\_\_\_****A RESOLUTION OF THE LOS ANGELES GRAND AVENUE AUTHORITY REGARDING THE SUBORDINATION OF ITS USE RESTRICTIONS PURSUANT TO SECTION 33334.14 OF THE COMMUNITY REDEVELOPMENT LAW.**

**WHEREAS**, the Los Angeles Grand Avenue Authority, a joint powers authority between the CRA/LA and the County of Los Angeles (the "Authority") will enter into a Loan Agreement with Grand Avenue M Housing Partners, LLC (the "Developer") pursuant to which the Authority is loaning to the Developer funds for the purpose of developing fifty-six units of housing that is affordable to persons or families of low and very low income in their Phase IIB development on Parcel M-2 in the Bunker Hill Redevelopment Project Area (the "Project"); and

**WHEREAS**, the funding for this loan was provided by the CRA/LA, a designated local authority for the former Community Redevelopment Agency of the City of Los Angeles ("CRA/LA") using Low and Moderate Income Housing Trust Funds; and

**WHEREAS**, the Loan Agreement requires covenants to be recorded against the Project placing certain limits on the maximum rents that can be charged, and the maximum income that can be earned by tenants qualified to rent such housing (the "Income and Rent Restrictions"); and

**WHEREAS**, Section 33334.14 of the Community Redevelopment Law permits redevelopment agencies, under certain circumstances, to subordinate the Income and Rents Restrictions to the lien of a lender providing financing for the Project; and

**WHEREAS**, the Developer has obtained commitments of financing from lenders conditioned upon the subordination of the Authority's Income and Rent Restrictions; and

**WHEREAS**, there has been presented to the Authority evidence sufficient on which to find that an economically feasible alternative method of financing the Project on substantially comparable terms and conditions, but without subordination, is not reasonably available; and

**WHEREAS**, the dissolution of redevelopment agencies has not removed the authority and effectiveness of Health and Safety Code Section 33334.14 and the requirement to make these required findings as a condition to subordination.

**NOW, THEREFORE, THE AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:**

1. The Authority hereby finds that an economically feasible alternative method of financing the Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

2. The Authority hereby authorizes the Chair of the Authority, or such other official of the Authority as the Chair may designate, to take such actions as may be necessary in order to subordinate the Authority's Income and Rent Restrictions to the lien of the lenders providing financing for the Project, but only upon receipt by the Chair or such designee of written commitments from such lender, reasonably designated to protect the Authority's investment in the event of default, such as the following:

- (a) a right of the Authority to cure a default on the loan;

(b) a right of the Authority to negotiate with the lenders after a notice of default has been issued by the lenders;

(c) a right of the Authority to purchase the Project from the Developer at any time after a default on the loan; and

(d) an agreement that if, prior to foreclosure of the loan, the Authority takes title to the Project and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Authority.

ADOPTED BY AUTHORITY ON: